

McLANE BUYDOWN PROCEDURES

These procedures supersede all previous standards.

Beginning December 1st, these are the procedures that all RJR personnel will utilize to initiate a buydown with a chain serviced by McLane.

1). Complete the McLane Billback Request form

- Chain Name
- Chain ID
- Number of Stores
- McLane Division (s)
- Chain SRP groups (information can be obtained from chain or McLane Account Coordinator)
- New deal or Change (to existing deal)
- Start Date
- Ending Date
- Brand or Brands (Buydown will include entire family unless directed otherwise, list attached)
- Buydown rate
- Chain authorization (Name of individual initiating buydown - no signature needed for our records.)
- RJR authorization (Name of individual initiating buydown - no signature needed for our records.)
- Estimated prepayment: Eighty percent of movement for program period or 100% of one month for ongoing buydown.
- Account SIS number to be debited.
- E-Mail completed form to Kent Brock and Kathi Caldwell.

2). Lead time

Minimum of two weeks prior to start date.

3). Billbacks will be initiate by RJRs Program Planning Manager (Kent Brock) at McLane Corporate with Janet Steele, Cigarette Promotion Specialist.

4). At the end of the billback period Kent Brock will obtain the debit memos for each involved McLane division for the chain.

5). Kathi Caldwell will recap the billback for each chain and order the check. All billback checks will be made out to McLane Corporate (SIS# 374594) and sent directly to Kent Brock (11414 Morning Glory Trail, Austin TX 78750).

6). Kent Brock will deliver the check to Janet Steele at McLane Corporate and notify by E-Mail the RJR Managers and ROUs as directed on the McLane Billback Request Form of the results and completion of the billback.

This process should make the buydown process much more efficient and effective. *A buydown will include the entire brand family unless directed otherwise.*

We have not been able to overcome the obstacle of being able to eliminate selected stores in a chain from the buydown. The only way that it is possible is to initiate a buydown is by utilizing McLane SRP groups for the chain. This is not a major problem with a 16 store chain, but it certainly is with a 300 store chain.

I feel that this procedure will work more efficiently and the only field involvement is completing the Request Form and e-mailing to Kent Brock and Kathi Caldwell two weeks prior to the start date. The longer lead time the better.

I believe that the feedback provided to the field managers will instill confidence that the programs are initiated, completed and paid for on time.

This letter and the McLane Billback Form will supersede all previous procedures.

If there are any questions, please call me, Paul Letourneau, at 254-947-0350.

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